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West Europe Report

(FOUO 52/79)



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WEST EUROPE REPORT

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COUNTRY SECTION

FRANCE

TRADE WITH ARAB NATIONS REVIEWED IN OUTLINE

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 3 Aug 79 pp 2146-2147

[Article: "Trade Between France and the Arab Nations"]

[Text] The National Council of French Employers [CNPF] recently carried out an analysis of trade between France and the Arab nations in 1978. The countries in question are: Algeria, Saudi Arabia, Bahrain, Djibouti (a member of the Arab League since 1977), Egypt, the United Arab Emirates, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Mauritania, Oman, Qatar, Somalia, Sudan, Syria, Tunisia, North Yemen and South Yemen.

With a total of 78.4 billion francs in 1978, trade (imports and exports) between France and the above mentioned Arab countries is characterized by a reduction of French imports and a stagnation of exports. However, a relative improvement has been registered, and France's deficit was cut from 18.8 to 14.1 billion francs.

French Imports

Petroleum supplies weigh heavily in France's trade deficit with the Arab zone. In 1978, French oil imports from the Arab countries reached 87.6 million tons for 41 billion francs (see Table).

Thus, the other world suppliers of oil are interspersed on the list of French purchases: Iran (3rd place), Nigeria (4th), the USSR (9th), Norway (13th), the United Kingdom (14th), Gabon (15th), Venezuela (16th) and Indonesia (18th).

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TABLE:

French Oil Imports from the Arab Countries in 1978

	Volume (1,000 tons)	Value (millions of francs)	Variation in volume compared to 1977 (percentage)
Saudi Arabia -----	40 111	18 374	- 7.3
Iraq -----	20 276	9 502	+ 15.1
Abu Dhabi -----	7 126	3 498	- 21.2
Qatar -----	4 493	2 229	+ 54.6
Algeria -----	4 027	2 087	- 9.8
Libya -----	3 205	1 702	+ 1.5
Dubai -----	2 680	1 218	+ 37.2
Kuwait -----	2 652	1 195	- 22.9
Syria -----	2 240	879	- 0.9
Egypt -----	396	167	+ 50
Oman -----	188	94	- 66.6
Tunisia -----	203	83	+ 16.6
Total Arab countries	87 597	41 028	
Total all countries	116 374	54 189	

In terms of value, French imports, including oil, from the Arab countries for the 2 years 1977 and 1978, add up to the following, in millions of francs:

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	<u>1977</u>	<u>1978</u>
Saudi Arabia -----	21 173	18 414
Iraq -----	8 979	9 534
Abu Dhabi -----	4 904	3 512
Algeria -----	3 875	3 203
Morocco -----	2 145	2 352
Qatar -----	1 552	2 229
Libya -----	1 515	1 719
Dubai -----	932	1 218
Kuwait -----	1 735	1 209
Syria -----	943	946
Tunisia -----	940	863
Sudan -----	347	404
Egypt -----	315	384
Mauritania -----	264	183
Oman -----	317	93
Lebanon -----	29	26
Jordan -----	13	12
Bahrain -----	6	10
Somalia -----	2	2
South Yemen -----	22	1
Djibouti -----	4	1
North Yemen -----	1	0.1
United Arab Emirates -----	0.1	-
Total Arab countries	50 013.1	46 315.1
Overall total all countries	346 368	368 594

Oil excluded, French imports from the Arab countries represented 5.3 billion francs in 1978; they consist almost exclusively of raw materials (phosphates), of textile products (notably cotton) and of fruits and vegetables. Of these non-oil imports, 80.3 percent come from the three countries of the Maghreb: Algeria, Tunisia and Morocco, that is to say 4.2 billion francs.

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French Exports

French exports toward the Arab countries have developed as follows, in millions of francs:

	<u>1977</u>	<u>1978</u>
Algeria -----	8 824	6 939
Morocco -----	4 749	4 308
Saudi Arabia -----	3 034	3 940
Tunisia -----	2 637	3 403
Egypt -----	1 970	2 494
Libya -----	1 955	2 414
Iraq -----	2 182	2 262
Syria -----	1 307	1 222
Kuwait -----	784	947
Lebanon -----	831	843
Abu Dhabi -----	451	530
Sudan -----	524	501
Dubai -----	377	425
North Yemen -----	157	379
Qatar -----	300	351
Mauritania -----	508	264
Jordan -----	230	227
Djibouti -----	130	163
Oman -----	101	161
United Arab Emirates -----	77	127
Bahrain -----	97	117
South Yemen -----	61	84
Somalia -----	35	31
Total Arab countries	31 321	32 132
Overall total all countries	312 073	345 076

French exports toward the Arab countries represented 9.31 percent of the total exports of France in 1978, as against 9.97 percent in 1977.

Clients and Suppliers

The countries of the Maghreb in the broad sense of the word (Algeria, Morocco, Mauritania and Tunisia) remain the principal clients of France. Started in 1976, the reduction of the share of the Maghreb in French exports toward the whole of the Arab world increased in 1978; this share has regressed from 54.25 percent in 1976 to 53.73 percent in 1977 and to 46.41 percent in 1978 (14.9 billion francs out of a total of 32.1 billion). In 1976 and 1977, however, this reduction of market share was accompanied by an increase in French sales to the Maghreb, while in 1978 the reduction is essentially due to a drop in French exports to Algeria.

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For 1978, French sales have increased by 29 percent in Tunisia, 26.5 percent in Egypt and 23.4 percent in Libya. On the other hand, they have decreased by 21.3 percent in Algeria, 9.2 percent in Morocco and 48 percent in Mauritania.

The agricultural food sector has registered good results in terms of its sales to Egypt (eighth world client of France in this area), to Algeria and to Morocco.

Motor vehicles represent a large share of French exports to the Arab countries. Good progress has been achieved in the sale of private and commercial automobiles to Tunisia and Libya and of commercial vehicles to Egypt and Tunisia. The two main Arab clients of France in 1978 were Libya (32 percent of French exports to the Arab countries of private vehicles and 46.4 percent of commercial vehicles) and Morocco. While the sale of private and commercial automobiles to the Arab countries only represents 3.1 percent of the total French exports of vehicles, this proportion is up to 18.1 percent for commercial vehicles.

With Tunisia, the mechanical engineering industries sector registered an increase of 51.5 percent of its exports in 1978.

Algeria is the first client of the electric and electronic industries, but its purchases were cut by 27.8 percent in 1978. Progress has been noted in sales to Tunisia (plus 36.69 percent) and to Libya (plus 24.6 percent).

More than half the sales by pharmaceutical industries were made in Algeria (471 million francs). The Arab world represents 26.6 percent of total French exports in this branch.

In 1978, Algeria remained the first Arab client of France in spite of a reduction of French purchases and a sharp decline of our sales. Our imports (3.2 billion francs) were cut by 17.3 percent in 1977, with oil purchases representing 65.1 percent of the total of these imports. Sales (6.9 billion francs) declined by 21.3 percent. In the electric-electronic sector the drop reached 26.7 percent; it represented 16.1 percent in the mechanical engineering branch (2.9 billion francs) which has not recorded a single important contract with Algeria in 2 years.

Egypt is the fifth Arab client of France; French exports to this country have regularly increased for the last several years and in 1978, with 2.5 billion francs, they increased by 26 percent over 1977. Thus France became the fourth supplier of Egypt (after the United States, the Federal Republic of Germany and Italy). Agricultural food products amounted to 31 percent of our sales to Egypt; they are represented by wheat, flour, sugar, milk products and fats and oils; Egypt is our eighth world client in agricultural food products. Our purchases from Egypt consist primarily of cotton and petroleum.

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The increase of our sales to Libya have continued to increase in 1978 (plus 23.4 percent). Libya is the first Arab client of the French automobile industry. During the year 1978, the volume of contracts signed by French engineering, construction - public works, electricity and electronic companies totaled 1.3 billion francs, an increase over the mediocre figure achieved in 1978 [as published] (0.8 billion), but still inferior to that of 1976 (2 billion francs). Libya is classified as our eighth ranking supplier of petroleum. In sum, our trade with Libya registered a surplus (1.7 billion francs).

The drop in French exports to Morocco (minus 9.5 percent) is primarily the result of the implementation of the austerity plan adopted in Rabat due to the military expenditures in Southern Morocco. The reduction applies primarily to the supply of equipment goods. The increase of French imports and the decline of our exports are translated by a reduction of the French trade surplus, which dropped from 2.6 to 2 billion francs.

The spectacular drop of our exports to Mauritania (minus 49.7 percent) is a result of the serious financial situation and the difficulties faced by the Mauritanian economy. Similarly, the reduction of our imports (minus 30 percent) is largely due to the slowdown of iron ore mining at Zouerate.

The decline in our imports of Tunisian products (minus 9 percent) mainly concerns textile articles and phosphates (350,000 tons as against 525,000 tons in 1977). With 3.4 billion francs, our exports increased by 29.8 percent in comparison with 1977; they registered a substantial increase in our grain sales (144,000 tons as against 16,000 tons) and a satisfactory hike in our supply of equipment goods and of iron and steel products.

In the final analysis, for 1978 France's balance of trade with the Arab countries of Africa produced a surplus for France; the surplus per country, in millions of francs, was as follows:

Algeria -----	3 736	Djibouti -----	162
Tunisia -----	2 540	Sudan -----	97
Egypt -----	2 110	Mauritania -----	81
Morocco -----	1 956	Somalia -----	29
Libya -----	1 695		

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COUNTRY SECTION

FRANCE

MINISTER OF ECONOMY MONORY INTERVIEWED ON ECONOMIC SITUATION

Paris PARIS MATCH in French 27 Jul 79 pp 46-47

[Interview with Economy Minister Rene Monory by Laurence Masurel: "What Awaits the French on Their Return From Vacation"]

[Text] Question: Mr Barre announced: "The overall purchasing power should not increase faster than prices rise" and you added: "We must reduce the purchasing power of those who draw the highest pay, those who are most favored." Now, what does that mean?

Answer: Since 1 July, France has been paying 60 percent more for its petroleum. We are thus going to have to pay an additional F 30 billion in 1979 and undoubtedly a little more in 1980, provided there are no further increases; F 30 billion represent more than one percent of the national output. It is not I who can pull this amount out of my pocket. The volume of money available to all of the French people keeps diminishing no matter what we do. There is only one choice: Either we consume what remains right away or we invest in order, tomorrow, to have competitive enterprises and to have jobs for our children. For me, the choice is clear: We must not at any time slow our investments down. We must therefore reduce the purchasing power of those Frenchmen who are best off.

Question: How are you going to do that?

Answer: The role of government is to say to the manufacturers: "Watch out! You are not investing enough; you must invest more. But if you give your salaried employees too much purchasing power, you are not going to do the job. It is thus up to you to do what is necessary so that your salary volume, in overall terms, will not rise faster than prices and it is up to you to do that because you now hold complete responsibility for the management of your enterprises!

Question: On what salary level are you going to have the dividing line for "those who are best off?"

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Answer: This will be determined by the enterprise structure itself; the enterprise boss will see how he can accomplish this modulation. What I would urge him to do, if he listens to me, is to make sure that those who are under the SMIC [Interoccupational Minimum Growth Wage] or close to it, will not suffer and continue to receive purchasing power supplements because they are the most disadvantaged. But we must not only speak in terms of salaries. We must also be concerned with all incomes as a whole. In this spirit, I declared that, in certain cases, the government could intervene in order, for example, to fix fees taking into account the fact that the purchasing power is not developing.

Question: According to you, these are thus "recommendations" and not strict requirements. But you did say that you would issue specific figures for recommendations, complete with reprisals, in the matter of loans and taxation, in case of violations. What are they?

Answer: What I would like to introduce into the mind of enterprise managers is one fact of life which so far has not appeared clearly. When you analyze the financial situation of an enterprise, you mention the "cash flow," the profits, the general costs, but it is rather rare for anybody to mention the development of the total wage volume from one year to the next. I asked many banks--without exerting any pressure--to include in their questionnaires addressed to the enterprises a line on which they would indicate the development of their total salary volume from one year to the next because that is a part of good management and good performance on the part of enterprise managers. On the other hand I asked the French Foreign Trade Company, which guarantees loans given to exporters, as well as various medium-range and long-range financing organizations, to do the same thing.

Question: You thus seem to be delegating a policing function to the banks
...

Answer: Not at all. When an enterprise is at the brink of bankruptcy, is it the government that says to the bank: Do not extend any loans? Is it the government that comes up with advice as to the way in which to get information on the enterprise? No, this is not at all a policing role but rather an advisory and managerial role. When the bank realizes that the general costs developed in an entirely abnormal fashion in an enterprise, when the business volume went up 15 percent while general expenses went up 20 percent, then the bank begins to take a closer look. Well, among those general costs, we will then make a supplementary breakdown which will give us a figure on the development of the salary volume. It is up to the bank to give the enterprise a warning! That is just plain good management and that is not at all a policing role.

Question: Will there nevertheless be an increase in tax pressure when everybody gets back from their vacations?

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Answer: The budget is now being prepared. We calculate the expenditures and the revenues which will be approved by the cabinet only in August. There will undoubtedly be a budget gap. The first thing to determine will be the level of deficit we would accept. The second thing will be to find out what revenues we should use in order to reduce the amount [of that deficit] . . .

Question: Reduced purchasing power and undoubtedly increased tax pressure. What about social security? To make up the deficit here, will the ceiling on contributions have to be lifted at the end of the year?

Answer: My feeling on social security is that one can strictly provide the same protection by spending less and by first of all giving the service chiefs and the medical establishment more responsibility. That does not mean that I have the intention of introducing cut-rate medicine. My philosophy is based on belief in men and women; I believe in their qualities; I believe that one must give them responsibilities. So long as we dispense social security in a blind fashion, without any controls, so long will you be paying whatever contributions you might think of--but it will do no good. My formula concerning social security therefore is first of all to visualize better utilization of current revenues before trying new ones. What I would, for my part, advise my new fellow minister of health, Jacques Barrot, to do is to make sure that expenditures do not rise faster than revenues. At the point where we are now, we must bring our imagination to bear in order better to utilize the money we have and to give individuals responsibility so that everybody will be aware of the fact that, whenever he wastes something, he penalizes the community as a whole. Our industry, our economy, our supervisory personnel, and our wage workers will not indefinitely put up with supplementary views and contributions without damage. At a certain moment, this will no longer fly--politically.

Question: Let us now talk about inflation. We are heading toward double-digit inflation once again. How many more unemployed will this increase cost us?

Answer: That question should first of all be put to the petroleum producing countries. Petroleum is not responsible for everything but, after all, we cannot absorb, in our economy, 60 percent of the oil price rise, about 20 percent of the increase in raw material prices, without finding some of it again in the index. Some people tell me: "You blame everything on petroleum." No. But petroleum does exert influence. You have to realize that the petroleum price rise, directly, without any flourishes, without trying to hold things down, will bring about a rise in the index of more than just one point. If you add to that the increases resulting from [natural] gas and petroleum products for industrial uses, you get an effect of 1.8 point on the index. I do not know whether we are going to have single-digit or double-digit inflation by the end of 1979. What I do know is that, if petroleum had gone up at a reasonable rate, we would have a rate of inflation of 8.5 percent; what I do know, as a result of the

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latest rise, is that, roughly speaking, for the first six months, the rate will be about 0.5 percent higher than what it was last year. Although that might seem paradoxical, I must say that this is a success when you consider everything that served to put pressure on prices in 1979. Whether we reach 10.2 percent or 9.8 percent inflation is just about the same thing as far as I am concerned. At any rate, the price index will hardly shift away from 10 percent.

Question: What is it that makes you think that this is a success?

Answer: That is what I see when I look at what goes on around us. Within six months, when we look at the rate of inflation in all of the developed countries of the western world, we will see that the increase in France will have been less severe as compared to last year. If we have half a point of difference after six months as compared to last year, it is likely that Germany will have 1 or 1.20, while the less well-placed countries, such as Great Britain and Italy will have 2-3 and the United States perhaps 2. The moment you are in a more or less worse position than the others, this means that our system is slightly better than what it was before.

Question: What about your policy of lifting price ceilings? Is it doomed or are you going to keep pushing it?

Answer: It is doing nicely. We are moving step by step. First of all we have the lifting of prices in industry which is a success. Industrial prices did not go up after the ceilings were lifted any faster than they did before. Still, the situation of the enterprises improved. Lifting industrial price controls was a priority because we needed that to counter international competition. The second step involves lifting price controls on services and distribution. One day very soon, they will be entirely free, provided they accept the constraints coming from the consumers. As far as I am concerned, the consumer is today one of the essential elements of a modern economic society. I would like to make sure that the French consumers act like adult consumers. I would like to add one thought on the image which entrepreneurs must have of the kind of management freedom which has been given them. This should be an occasion for them to emphasize the training of skilled workers. We no longer train apprentices in France today--because the apprentice has no place to go. Because we pay the skilled worker poorly. The latter often goes to work in the factories, without any skills, where he makes more (there are still highly skilled workers who make less than F 3,000 in the blast furnaces while the doormen at savings banks make between F 4,000 and F 5,000). Hence, anything that can improve the life of the skilled worker we need in the long run as priority.

Question: Let us now talk about foreign trade. Is it currently threatened?

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Answer: The balance of trade is threatened. In 1978 it showed a surplus of F 2 billion. Right now, it is once again showing a deficit; we have to get back to the F 30-billion figure. This means that we will have to make a tremendous effort. My ministry, with the divisions of the DREE [Foreign Economic Relations Directorate] will try to do a better job in defining our foreign trade targets.

Question: What specific measures are you planning to take?

Answer: We recently established a new committee which handles the financing of the development of enterprises that create jobs and that work for export. I will prepare a report by the end of the year and we will see that the result is not at all negative. On the other hand, together with the ministry of agriculture, I am going to set up a committee to finance the agricultural food production industry which worked for export. We have already conducted a test with 25 enterprises and it works very well. We are now going to step up our initiatives because I believe that France has an extraordinary opportunity by enriching the range of our farm products. Agriculture is one of France's strong points. Now, it is far from giving the nation what the agriculture of countries such as Holland provides. Thus, our concern together with the ministry of agriculture is by all means to try to improve agricultural products with the support of manufacturers, the banks, and Farm Credit. We will soon announce the start of the operation.

Another effort we are going to pursue is to persuade the PMI [expansion unknown] to export.

Finally, we are going to try to decentralize the internal structure of the French Insurance Company for Foreign Trade, of the directorate for foreign economic relations, and of the French Foreign Trade Bank so that manufacturers who want to export will not always be forced to go through Paris.

Question: Basically, you are quite reassuring.

Answer: If I were completely pessimistic, I would quit to make room for somebody else because the French do not expect that sort of thing from me. We have some difficult times to go through. And we are going to encounter other difficult moments after the next ten years. I always told the French the truth and at the same time I tell them what we must do in order to try to resolve our problems together.

Question: If you were to send a postcard to the French on vacation, what would you tell them is awaiting them upon their return from their vacations?

Answer: I would tell the French that, upon their return from their vacations, they can expect to live the way they did before, undoubtedly accepting one or two years of living in the same way and perhaps delaying their

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purchase of a new television set or their washing machine for several months. I will not tell them; When you come back home, nothing will work any more. I will tell them that things will be more difficult, that they will have to participate in this effort because they are France.

To those who are disadvantaged, I will not say that they should take additional blows; to those who are favored, I will say that they should, for two years, get along without an increase in their purchasing power--that will not be the end of the world for them!

Question: Do you think the whole thing will last two years?

Answer: I believe that, paying for the 60 percent increase in petroleum prices will take us what is left of 1979 and 1980, if we are reasonable.

Question: Are you going to continue to encourage savings and investments?

Answer: France's priority is to invest and so one cannot encourage the French to spend but one should instead encourage them to save.

Question: Is not one of the failures of the current policy represented by the fact that it did not get the enterprises to invest more?

Answer: The investments of the enterprises are my main concern. It is true that the enterprises are not investing enough. I already reminded them of that several times. For the past two months, the situation seemed to be about the same but the information I have for May and June looks a little bit better.

Question: Are you not afraid that the return from the vacations will create social difficulties? Are you not afraid that the civil servants--of whom Raymond Barre said that they "should not always feel as if somebody is zeroing in on them"--might bridle at this?

Answer: When I compare the situation of French civil servants to those in other countries, I do not get the impression that they have been very particularly zeroed in for three or four years. Of course, the civil servants strictly speaking perhaps did not run into this same situation as the SMIC people--but that is normal. As for the idea that the situation is going to be very tense when everybody gets back from their vacations--I don't believe in that. If certain people try to create "tenseness," they would not be rendering the country a service because the country must work, it cannot afford to be paralyzed. There will necessarily be some malcontents. But I believe in the good common sense of the French.

Question: Are you going to seek a consensus. Are you going to find it?

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Answer: In spite of the threats from the right and from the left at this moment, I am sure that, when everybody gets back from their vacations, we are going to find a much greater consensus in support of this policy than one imagines today. The French know deep down that, when you take more money from France's portfolio, there will be a little bit less to distribute to its inhabitants. This is so simple that any child can understand it. Even if they demonstrate, even if they close the factories down, that is not going to give us any more money to distribute.

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COUNTRY SECTION

FRANCE

RAYMOND ARON CRITICIZES 'NEW RIGHT'

Paris L'EXPRESS in French 28 Jul 79 pp 36-37

[Article by Raymond Aron: "The New Right"]

[Text] After the new philosophers, whose philosophy I am still looking for, we now have the new right whose inspiration I at least know. But because of the vacations I am less concerned with the importance of men or doctrines and I am more concerned with the storm unleashed in the Parisian Landerneau.

For about ten years now, a magazine, LA NOUVELLE ECOLE (NE), the sounding board of an association called GRECE (Research and Study Group on European Civilization) has been leading a rather discreet, almost clandestine existence. Street rumor accused this movement of neo-Nazism--a charge which the movement's officials reject forcefully. There were two events that brought the editor-in-chief of the magazine out of the shadows: Alain de Benoist received the Essay Grand Prize of the French Academy and Louis Pauwels revealed the chronicle of ideas to the man who saw the world "from the right." Since then, at FIGARO MAGAZINE, Jean d'Ormesson provides for comic relief while Alain de Benoist represents deep thinking.

What a promotion! And what a scandal in the circles of the established left! But, likewise, what sincere indignation among those of the right or the left who, under the label of FIGARO, rediscover topics which, at other times, were to be found in Nazi literature.

The hydra which all of the members of the New Right keep going after is egalitarianism. Massification, levelling, uniformity--these are the catch-words they use in referring to the penchant of modern society and the mortal malady which lies in wait for them.

This denunciation of the peril is accompanied by a demonstration borrowed from biology: Each individual is born with a unique genetic inheritance, different from that of everybody else. The analysis of the IQ confirms that inequality of talents goes hand in hand with diversity of attitudes. And the IQ depends much more on heredity than on the environment.

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Alain de Benoist and the authors of the CDH (Clock Club) tirelessly keep coming back to this subject: "The theory of the all-powerful environment gives totalitarian tyranny the purest of pretexts in assigning it the job of forging the new man" (CDH, "La politique du vivant"). Egalitarianism, based on the mendacious denial of inequality among men, becomes the origin and the moving force for Marxist revolutions which logically lead to tyranny.

Alain de Benoist popularized the research and results of Jencks and Jensen (Christopher Jencks, "Inequality: A Reassessment of the Effect of Family and Schooling in America"; Arthur R. Jensen, "Educability and Group Differences") who try to quantify the respective shares of heredity and the environment in the determination of the intellectual capacities of individuals. From inequality among individuals inside a tribe, the authors go on to inequality among groups of human beings. The latter, such as they exist today, are the result of a biological-cultural evolution. In the human realm, the biological evolution is not separated from the cultural evolution. There is no longer any French race or any German race and there is certainly no Aryan race. But a people, constituted by history, cannot mingle with other peoples without risking the loss of its identity. There is a difference among peoples and there is also a difference among tribes within a political entity such as France. Certainly, the New Right at least sympathizes with the Corsican, Breton, and other ethnic revolts.

Alain de Benoist, the best-known and most fecund among its ideologues, is an untiring reader. He has worked very hard to spread the thinking of certain foreign philosophers, the Club of Vienna, Bertrand Russell, Sir Karl Popper, whom the French for the most part are not familiar with. Russell and Sir Karl Popper have professed or do profess political convictions which are very far removed from those of Alain de Benoist. The latter in these analysts probably appreciates the rejection of the metaphysical, the reference to science.

Having emerged from an entirely different discipline, the comparative study of religions, the theory of the three functions in the Indo-European tradition, as developed by Georges Dumézil, holds a central place in the books put out by the CDH.

All of these writers urge the Europeans to take possession of their past again, to become once again what they were, historical peoples, proud of their heritage. They therefore approve the effort aimed at the unification of Europe but with an accent on the soul of each nation, on the radical contrast between safeguarding the European spirit and American influence. Alain de Benoist writes in a style that is more virulent than normal against the United States. The United States was born of a revolt against Europe, against the hierarchy and against authority. The United States has not recovered from this sacrilegious gesture and vegetates in guerillity and mercantilism.

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This last word--mercantilism--keeps coming back from the pens of all of the writers of the New Right. The invective left against savage capitalism; that right against utilitarianism, the contempt of higher value that cannot be boiled down to comfort, happiness, and money. The Americans ignore the useless service and respect of the two religious and warrior powers which the Indo-Europeans always placed above the producers. European civilization is on a death-slide because it has flattened out the natural hierarchy of social order and is plunging toward a unidimensional economism.

Let us revive the Celtic myths of the Nibelungen so that Europe may remember itself and its vocation.

The New Right does not follow the counterrevolutionaries of the last century, nor Maurras. With syncretic thinking, it borrows from many schools. The simultaneous utilization of the work of Georges Dumesnil and of genetics, the hero cult and submission to inevitable biological facts of life, borrowing from experimental science and the taste for pre-Christian legends or epics--all of this is mingled in LA NOUVELLE ECOLE and all of this creates a climate, rather than a doctrine. Some young CDH functionaries on the other hand, who are closer to the seat of power, who are less Pagan, have begun to line up the various themes of the political discourse which they would like to teach those who run the government.

The New Right as a matter of fact has assigned itself a specific objective: Take monopoly of the political discourse away from the Marxist, para-Marxist, or social democratic left. "The metapolitical universe is henceforth monopolized by an antiliberal intellectual minority. About 200 intellectuals make ideological fashions by themselves; veritable tailors of the spirit, they fabricate ready-made thinking for an entire society" (CDH). We are not astonished that Alain de Benoist praised the book by Regis Debray.

The metapolitical universe is the vision of the world, of history, and of values which the governed and the governors in the end accepts as something quite natural. Whom in France would declare that he is hostile to the reduction of inequalities? Let the men in power at last have the courage to rid themselves of this conformism, of ready-made and hypocritical formulas!

Intellectual and moral reform of France--this is the title of the book written by Renan right after the defeat of 1870 and it expresses the ambition of these writers. Let us accept the dialogue since they tried to enlighten us and teach us.

There is no doubt that the cult of the Germanic forests and gods, the often abusive use of biology, the theory of biocultural evolution, the bric-a-brac of old myths and half-science will not fail to awaken memories and worries in us. It is worth elucidations such as these that the delirium of a few commences and then becomes the delirium of a whole people. Having made this point, we must take care not to engage in entirely too easy

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procedures of polemics since biology does not belong to Hitler and genetics does not belong to national socialism.

I did not find the slightest trace of antisemitism in the publications put out by the CDH and Alain de Benoist defends himself against being anti-semitic, if not having been so. Let us give him the benefit of the doubt, freedom for his admired heroes (Wagner and Nordic music), and also the freedom of his targets of contempt (the United States, economism).

Why should I be allergic to this literature? First of all, because of the insidious conversion of certain results of science into hypotheses or exaggerations which are close to countertruths. No biologist will deny that the hereditary assets do condition both the intellectual and the physical capacities of individuals. It was not the environment that created Mozart or Einstein. Saying that the influence of the environment is "almost negligible" is a countertruth. The statistics, 80 percent for heredity, 20 percent for the environment, do not make any precise sense even if one accepts the IQ calculations without reservations.

I do not like people who wear their IQ in their buttonhole like a decoration. It is not that I, too, think that the destiny of peoples depends much on the elite. But, among authentically superior individuals, I rarely found that vanity of writers who do not doubt that they belong to the elite. In all complex societies, a minority of men occupies strategic points. There is no need to proclaim the necessity for a social elite--it exists; the important thing is to find out whether it is made up of the best, whether the current selection method, the mixture of birth and great schools, does in effect lead to the best getting the key jobs to the benefit of the community as a whole.

As for the rest, while the influence of the environment is negligible, those most gifted will undoubtedly succeed in any case. Let the elitists therefore in all serenity tolerate the efforts of the democrats, those who do not subscribe to genetic election as being something definite and final and those who try very hard not only to provide opportunities for the gifted who come from a modest family but also to create suitable conditions enabling everyone to unfold their capabilities which in effect are unequal.

That individuals, within a tribe, have unequal capacities, which are recorded in the hereditary assets, is certain. That the cultures of the classes, the tribes, and the peoples are unequal for genetic reasons has by no means established and that it is improvable even for vast groups of human beings. The links between genetic heritage and cultural heritage remain yet to be demonstrated.

The diversity of cultures is a happy and fruitful reality, the source of wealth. The discoveries of science do not in any way point to the assertion that this diversity is recorded in the genes and that cultures are impenetrable and incomprehensible to each other.

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- Paganism or Christianity? In reading the newspapers, I have to choose between Sinai and Olympus, between Yahve and Wotan [Odin], between the indefensible book by Bernard-Henri Levy and the anti-Judeo-Christian writing of Louis Pauwels. I refuse to get down into the gutter. Not that the debate revolves around essentials. Neither APOSTROPHES, nor FRANCE-SOIR seem to me to be appropriate places for such a debate with foreign conversation partners: On the one hand, those who call upon a god in whom they do not believe; on the other hand, those who imagine that they are still living in a culture that has been dead for close to 2,000 years.

In the Judeo-Christian tradition and perhaps also in that of Socrates, all of us, Jews and Christians, believers and non-believers, have learned --and do not want to forget--that every individual carries in himself the entire condition [status] according to the word of Montaigne. Respecting the human condition in the other person, no matter how humble his station may be, no matter how modest his IQ may be, is the urgent requirement contained in the message of the religions of salvation. Violating that urgent requirement means opening the gates to barbarism.

No concept of the world, monotheist or otherwise, preserves the individual person or society as such from totalitarianism. The antidote to totalitarianism is the refusal to arrogate onto oneself or to grant others a monopoly to speak with the voice of law.

The established left did not react as one might have hoped but as one could well fear it would. It immediately went out for a detestable amalgam: The New Right is the eternal right. Failing to choose between Francois Mitterrand and Michel Rocard, failing to find a substitute for Marxism, it discovers an enemy and confuses Ionesco and Domenach with Alain de Benoist.

But let us drop these miserable polemics. In contrast to "Gringoire" or "Je suis partout," the New Right does not condemn our institutions; it insults neither the men in power nor their conversation partners; it declares that it is liberal. It does not mobilize the masses. If it presents a danger--and I doubt that strongly--the response should be intellectual.

I agree with the CDH on several subjects--the threat hovering over Europe due to the drop in the birth rate, the duty for Europe to build its own defense, the risk of decadence deriving from the extreme forms of hedonism. I subscribe to the restoration of politics, not without being suspicious of the denunciation of mercantilism. If the elite make fun of money, why all of this indictment against the reduction of inequality?

The writers of the CDH remind me of the doctrinaires in the conservative revolution in pre-Hitler Germany. They do not belong to the group of the

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"NE" and they protest against the amalgams which they say they are the victims of. Let them be on guard, in turn, against mixtures which compromise their ideas. An intellectual and moral reform demands more rigor and less arrogance. The privileged people with money and power, in the France of today, do not suffer from an excess of egalitarianism. They have more need for justifying themselves through their actions rather than being justified through an elitist ideology.

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COUNTRY SECTION

SPAIN

ENERGY CRUNCH FORCES SPANIARDS TO CONSIDER CONSERVATION

Madrid CAMBIO 16 in Spanish 5 Jul 79 pp 38-41

[Excerpt] No Choice But To Save

"Saving is a difficult and gradual process and slow to bear fruit, but there is no way out," says Luis Magana, energy commissioner. To date the necessary sacrifices have been made by the suffering consumer, principally by drivers of autos: the Arab nations raised the price of petroleum, and gas prices (and also electricity) went up without further ado. Meanwhile fuel for industry and gas-oil cost less than a liter of mineral water thanks to subsidies.

It seems that now the government intends that all should save and all should pay for the crisis. Although it is beginning, as always, with gasoline, and there is more talk of rationing coupons for cars than about reducing industrial consumption. But no one can avoid the truism that whoever uses the most energy must save the most. And the facts are clear: some 52 percent of Spain's energy consumption goes to the industrial sector and only 10 percent is used by the 6 million cars on the road.

Luis Magana recognizes, "Business has the most important role." It is not for nothing that businesses consume 24.7 million tons of petroleum. But the matter does not seem easy. As a mid-sized Catalan businessman in the services industry said to CAMBIO 16, "Businessmen have enough trouble meeting their payrolls and should not have to make costly investments in search of ways to save energy." "It is an important matter," says a well known business advisor, "but firms have so many immediate problems that they cannot consider energy a priority issue."

Still, there are sectors and firms which do give it priority. Ensidesa [National Iron and Steel Enterprise, Inc.], for example, has just announced that a quarter of its expenses go for energy, and the same holds for chemical firms, cement makers and textile companies, sectors which consume great amounts of energy. The problem is that consumption also is poorly distributed:

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more than half of the energy used by industry supports a total of 100 firms, and a mere 2,000 of the national total of 110,000 firms consume 90 percent of all energy used by industry.

An average of 8.8 percent savings could be made in industry overall by reducing consumption, assuming an investment of 50 billion pesetas over 5 years, according to a report from the Center for Energy Studies. The first method, which requires little investment, would be to improve insulation in businesses and factories. In some sectors, such as metals and refineries, this would mean significant savings.

No Investment Even For Conservation

But that will not be enough. At the last meeting of the Council of Ministers the government approved for sending to Parliament a draft law on industrial energy conservation. It contained provisions for loans to firms that invest in order to conserve energy (by purchasing a new boiler, for example), generate their own electricity or develop alternate energy sources (principally solar energy). This system would enable a savings of about 3 million tons of petroleum in industry 6 years from now, assuming an allocation of around 130 billion pesetas.

"During the next 2 or 3 years it will not be possible to save much in industry," admits Luis Magana, concurring with the recognized figures showing slight opportunity to save. In industry a decisive factor in favor of conservation will be fuel prices, "which will have a deterring effect." But all the experts note that although it may be necessary to adjust fuel oil prices toward their real level and put an end to subsidies, this cannot be done all at once "because that would penalize industry."

Clearly, the challenge is to change patterns of industrial energy use right in the middle of a crisis. "In Spain there is no way to reduce industrial energy use without curtailing industrial production," as stated by industry and energy minister Carlos Bustelo. So trying too hard to save, or imposing conservation by decree, could have grave consequences: less would be spent on oil but more would be spent in unemployment benefits. We shall have to step cautiously.

The search is on for ways to reduce consumption. "Right away we must reduce energy consumption in nonproductive sectors where wealth is not produced," says Luis Magana. Again the auto bears the brunt. A government expert said, "It is better for Spain if we cannot obtain gas or if we go on rationing, compared to continued increases in consumption, which would lead to reduced production and end in a situation where we would have gas but no jobs to be able to buy it."

The Driver Pays

That has been the pattern. Fuel for industry has gone up about 9 percent while the price of gasoline is up 24 percent for premium and 29 percent for

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regular. Once again the bite of deterring price increases has been put on our 6 million drivers, though they consume only 10 percent of the oil which we import.

However, it happens that it is easier to make gasoline and the drivers bear the burden of the energy crisis. On one hand, a few million pesetas are raised quickly to pay the new oil prices and even bail out local governments. The plan was to consume 8 billion liters of gasoline this year. With half of the 9 peseta increase enacted, the "extra" income would come to 36 billion pesetas, and besides it is expected that the new price will deter some consumers and this will reduce gas and therefore oil consumption.

"If I need the car for something, I'll have to buy gas, whether it costs 40, 60 or 100 pesetas," said a veteran driver to EL CAMBIO a few hours after the sharp price increase. In that same vein, many energy experts believe that "we are far from reaching the gas prices which will begin to deter the drivers," and that in any event the main goal of the hikes will be to collect revenue as well as to help form a climate in which consumption may go down a little.

Many car owners complain that they always have to pay and that industry's energy should be monitored also. Cars in Spain consume much less than cars abroad (only a third of U.S. cars' gas consumption, and half of the level of the rest of Europe), although in the past few months, in the midst of the energy crisis, a tendency has developed in Spain to buy cars with larger engines.

Jose Meseguer, an expert from the Center for Energy Studies, replies, "Although gasoline is a small part of oil consumption, it means Spain must buy oil and refine it or buy gas abroad at very high prices. Besides, it cannot be replaced by other forms of energy, and since it is not a productive factor or indispensable, its consumption must go down if Spain is not to be penalized."

October: "Operation Rationing"

After this increase, drivers at the end of summer will be dealing with intermittent gas station closings, perhaps certain hours in the day, perhaps certain days of the week, at first Saturdays and Sundays. It is hoped this will reduce consumption sharply, as it has done in other nations, and it will not be necessary to use more stringent measures, that is, rationing. Energy commissioner Luis Magana told CAMBIO 16, "Gas will be rationed only to help control the situation in case an emergency arises."

Whether we return to the days of coupons and measuring gasoline with eye-droppers will depend on how the energy problem develops. The prices would have to rise to \$35 to bring about rationing. But the main concern is not price but supply: if oil production is reduced and scarcity results, rationing will

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be inevitable. In order to be ready for anything, the government is about to form a commission or study group to include CAMPSA [Leasing Company of the Petroleum Monopoly, Inc.], the Energy Office, Motor Vehicles and Luis Magana. Its responsibility will be to report on anything related to possible rationing, including preparation of coupons, allotments per vehicle, listing and punishing the possible infractions, and so forth. "Operation Rationing" may be ready by the end of October. From then on, it will all depend on an order of the government, and we could be on a rationing system within 24 hours if the need arose.

The idea would be to cause by way of coupons, in an emergency situation, a drop in demand for gasoline of 15 percent, assuming a limit of 90 liters per vehicle per month, approximately.

While rationing is under consideration, it is necessary to continue looking for other ways of saving energy. Perhaps one of the easiest ways will be by reducing the amount spent on heating, which uses 6 percent of national energy consumption. Luis Magana says, "Here we think we can cut consumption by 20 percent without problems." And without coupons. It will be enough for CAMPSA, which controls distribution of gas-oil used for heating, to deliver 20 percent less to its customers. This will be done starting this month, and its effect will be felt in homes this winter: they will be a little colder, two degrees lower. Temperature will be only 20 degrees but 1.2 million tons of gas-oil C will be saved.

Insulation In The Crisis

Just as important as turning down the thermostat of the heater is proper home insulation so it will not be necessary to burn so much heating oil. Insulating buildings and weatherproofing doors and windows is the best way to reduce heating expenses in homes and throughout the nation. Properly done, it can save 20 to 40 percent of heating energy, depending on whether the building is in Seville or Soria.

Insulating your home can be good business. It costs between 70 pesetas per square meter for new houses and 2,000 for old homes, but the cost can be amortized in 2 years in the case of a dwelling with 100 square meters. If in addition heating equipment and the building's furnace are adjusted properly, energy savings from this investment could reach 20 percent.

The government is going to order insulation in new buildings, though for years the builders have neglected this aspect, being more concerned that the buildings might fall down before they were paid for. Besides the draft law mentioned previously regarding basic building codes, consideration is being given to credit assistance or tax breaks for those who insulate their buildings, as is done in the United States.

By diligent effort a little energy can be saved through decrees affecting the service sector. Through a series of measures, another million tons of oil

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could be saved: reduction of outside lighting and shopwindow lighting, reduction of temperature in public and official buildings, limitation of TVE [Spanish Television] programing and earlier scheduling of spectator events and other gatherings.

It is not possible to save much more. "Conservation and energy saving measures will not solve the energy problem," said Luis Magana to CAMBIO 16, "but they will help." Something, but not enough. "It is enough to drive you to despair," said an expert at the Center for Energy Studies. "We spent 3 years studying how we could save 8.8 percent in industry or 15 percent on gasoline and the Arab nations, overnight, raised prices 20 or 25 percent."

Therefore, besides saving we must tax our minds and find other sources of energy besides oil, which is expensive, scarce, and limited (it will begin to run out by the year 2000). We must find them quickly, because this crisis will be easy compared with the one coming up in the 90's: between 1985 and 1995, according to the experts, the demands for energy will exceed supply.

Solution Without Gas

The choices are few. Natural gas will run out with petroleum. Hydroelectric power, except in years of record rainfall like this one, cannot be increased. There remain coal and nuclear energy. This is the focus of the debate and we cannot hide our heads under our wings today if we want to have energy tomorrow.

Clearly, the nuclear energy option is the key, and we must not postpone the discussion any longer. As one energy expert said, "Khomeyni has had too much notoriety for us now to become Khomeynis against nuclear energy."

Other views, especially on the left, granting the importance of nuclear energy, insist on developing other energy sources to their fullest and guaranteeing completely the security of nuclear reactors.

The sun, the wind, the sea or subterranean water can be sources of energy for the next century, but will not save us from the crisis of the 90's. The Energy Plan, about to be debated in full Congress, must attempt to find a solution.

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SPAIN NEAR THE BOTTOM OF THE LIST OF CONSUMERS

(Tons of petroleum consumed per capita)

Luxembourg	10.77
Canada	8.70
U.S.A	8.28
Sweden	5.9
Norway	5.09
Belgium	4.61
West Germany	4.25
Denmark	4.0
Great Britain	3.78
Switzerland	3.71
Austria	3.10
Italy	2.4
Ireland	2.3
Spain	1.89
Greece	1.50

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THE 20 LARGEST CONSUMERS			
FIRM	SITE	ETP (1) Consumed	% of indus- trial con- sumption
1. Enpetrol	Escombreras	482,331	1.97
2. Petronor	Somorrostro	376,076	1.54
3. Enpetrol	Puertollano	374,078	1.53
4. Enpetrol	Tarragona	352,201	1.44
5. Cepsa	Tenerife	346,910	1.42
6. Cepsa	Algeciras	318,659	1.30
7. Iga	Tarragona	304,026	1.24
8. Ensidesa	Avilés	277,732	1.13
9. Empresa Nac. Fertilizantes ..	Escombreras	252,813	1.03
10. Petroliber	La Coruña	231,431	0.94
11. Unión Explosivos Río Tinto ..	La Rábida	209,883	0.86
12. Petromed	El Serrallo	208,521	0.85
13. Empresa Nac. Fertilizantes ..	Huelva	164,439	0.68
14. Solvay	Torrelavega	163,414	0.67
15. Ensidesa	Gijón	155,573	0.63
16. Cia. Gral. de Asfaltos Portland	Toledo	145,176	0.59
17. Cia Valenciana Cementos Port-	Valencia	137,195	0.56
land	Málaga	132,143	0.54
18. Amoníaco Español		130,184	0.53
19. Unión Explosivos Río Tinto ..	Vizcaya	130,116	0.53
20. Altos Hornos de Vizcaya			
Total		4,892,801	19.98
Equivalent in tons of petroleum.		Not including power plants.	

* [Spanish Petroleum Co.]

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COUNTRY SECTION

SWEDEN

NILSSON: LO WOULDN'T OPPOSE SAP-CENTER COALITION GOVERNMENT

Stockholm VECKANS AFFARER in Swedish 9 Aug 79 pp 35-37

[Interview with Ewa Thorn: "Head of LO: 'Center Party Should Be Coalition Partner if We Lose the Election'"]

[Text] The LO [Swedish Federation of Trade Unions] could envision joint governing of the Danish type if the Social Democrats fail this fall to recapture by themselves the power to govern. A coalition with the Center Party is the only one acceptable to the trade union movement, in the opinion of Gunnar Nilsson, who also announces an LO offensive. "We are going to recapture lost territory. The members' purchasing power has declined by five percent. There is now room for recovering that loss."

[Question] Many different government alternatives are in the picture for the election this fall. As LO chairman and member of the Social Democratic party board, what do you think of the coalition puzzle? Can you imagine a government in which the Social Democrats are only one partner?

[Answer] I personally, with the union movement behind me, naturally hope that the Social Democrats will be able to recapture political power early on. But politics is indeed the art of the possible and I believe that the door should be kept open to other solutions if the election result turns out differently. We in the union movement are realists in that respect and are without hesitation able to imagine some form of coalition with Social Democratic participation.

[Question] For which partner are you keeping the door open -- the Liberal Party or the Center Party?

[Answer] It is of course the old agrarian party, the Center Party, which is closest at hand. We can fall back on historical periods during which such coalitions existed. This is why it is most natural to imagine that we in particular would be able to get along and find political openings for joint governing. I regard other party combinations with Social Democratic

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participation as considerably more difficult from the viewpoint of the unions and scarcely feasible.

Question Why isn't the Liberal Party a potential governing partner? This is the alternative which has turned up most often during the debate.

Answer The actions of the Liberal Party itself during these years, above all with regard to economic democracy, among other things, have shown that there is hardly any basis for a joint government policy.

Question In reality, what comes first, the election or the collective bargaining process? The price development has already exceeded the five-percent limit. Does this mean that the LO wants to tear up the agreement and sit down at the negotiating table directly? Or are you saving the compensation demands until the next round of negotiations this fall?

Answer It is an issue we will not discuss until the LO chairman's conference this week. But it is, of course, nearest at hand to combine the necessary compensation demands with the upcoming wage negotiation. It is difficult to lay out two parallel wage negotiations -- and that is what would otherwise be the case since the existing agreement will soon expire. The two different wage negotiations would in that case still overlap.

Question Is it possible that this kind of a guaranty clause will reappear in the 1980 agreement as well?

Answer Yes. It has proved to be a clear advantage and has functioned as useful pressure on the politicians to keep the price level down although now in the last stretch -- when the inflation ceiling has been exceeded anyway -- accumulated price increases are beginning to creep in independent of the oil price increases which the government had previously held back.

Question The LC thus advocates negotiations beginning on 1 November. The SAF Swedish Employers' Confederation would otherwise like to postpone the start of negotiations even longer, until the nuclear power referendum is over with.

Answer This is a highly surprising wish from the side of the SAF which in our opinion is totally without logic. The 1980 agreement will in all probability be in force for a relatively short period of at most 2 years. Even if the nuclear power referendum should lead to a majority for the no votes this will have no effect whatsoever on Swedish industry during the term of contract in question, but only considerably further along.

Question In order to return to politics: What have the 3 years without party brothers in the Chancellery meant to you as chairman of the LO?

Answer One of the most tangible changes during the bourgeois government has been the new and considerably tougher attitude of the Swedish Employers' Confederation. This is perhaps in part conditioned by certain changes

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of people in the leadership, but I think that the bourgeois government has had a decisive impact.

What it is all about is that the SAF has now completely dropped the mask of neutrality which it previously wanted to show. The SAF has begun to openly show a profile of political organization, accompanied by other business owner organizations such as the SFR /expansion unknown/, and it stimulates the business owners, among others, to big hallelujah meetings where they interpret the Aman laws, the wage-earners' funds and so on in their own special way and direct attacks against the union movement.

/Question/ In other words, are the LO and SAF really at loggerheads with each other when they meet at the negotiating table this fall?

/Answer/ That would be to exaggerate. But there are new confrontation tendencies which mean an obvious risk that our established ability to find joint solutions benefitting Swedish society is being endangered.

/Question/ Thus, it is not only in an indirect form that the LO has been affected by the move of the bourgeois parties into the Chancellery?

/Answer/ No, of course not. The bourgeois governments have taken measures which have directly affected the members of the LO. I'm thinking of, for example, the removal of the special employers' surcharge. The latest reduction came even after we had already made the settlement for 1978-1979.

/Question/ So this is not a closed chapter? It sounds as if you are thinking of retroactive compensation for this in the contract negotiations this fall?

/Answer/ Yes, we are. The agreement we made was based on, among other things, the existence of that surcharge. The interference of the government afterwards meant a redistribution of the capital in society to the advantage of our opposite partner. The elimination of the employers' surcharge and certain other measures undertaken in order to favor enterprise has added 16-17 billion crowns to the Swedish industry and trade.

This might perhaps have been acceptable had these billions been used in a productive manner, for investments, research or in general for renewal of production. But that has not been done. What has happened is that this money has stayed passive in the companies which have thereby obtained a great deal of liquidity, which in plain words means profit increases. It is obvious that we feel somewhat cheated out of these billions. They must be included in the picture when we specify our wage demands.

/Question/ In the fateful issue of the last election, the wage earners' funds, a new debate has suddenly sprung up which asserts that the LO has opened its door to individual links. Any comments?

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[Answer] This possibility for individual utilization of proceeds from the collectively owned funds has been included in the text ever since the Meidner Report of 1976 and is nothing new. What is new in the wage-earners' fund issue in comparison with the previous election is that nowadays the political parties agree on several points.

To be sure, we still fight over what the wage earners' funds are to look like. But nowadays everyone believes that wage earners' funds in one form or another are needed in order to manage the capital resources of the Swedish economy during the 1980's. The question is therefore, in my opinion, more or less removed from discussion and will not play the same role in this year's election campaign as it did in 1976. At that time one simply lowered the shade. Today the shade is raised again and there is an opening for a more constructive political debate on the subject.

[Question] The issue of wage earners' funds is thus being ground in the mills of the political process. If, when and in what form we will see wage earners' funds put into practice is uncertain. With what calculations -- or hopes -- do you work in the LO?

[Answer] In the next election campaign, that is to say 1982, it ought to be time for a more concrete debate on both technical solutions and solutions in principle. And should the Social Democrats be in power after the 1982 election I believe that the wage earners' funds according to our model can also be realized at that time.

[Question] Tax policy is one of the keys to a collective bargaining which provides not only increases in gross wages on paper but also something in the wallet for the LO member. What type of tax reform do you advocate?

[Answer] Reductions of the marginal tax rate, changes in the tax tables, increases in the value-added tax in combination with small tax changes; all of these kinds of adjustments are only temporary solutions which mean that we postpone the actual problem. The tax reform we need is a total review of the entire system.

We must at once deal with the answer to the main question: How can we change our tax system radically in order to get a just tax system which simultaneously provides us with the possibility of long-term planning for the revenue?

[Question] What is your own answer to that question?

[Answer] As early as during the 1976 convention the LO determined that what we want is a general transition to an indirect tax system based on taxation of production instead of direct taxation of individual wage earners. The Social Democrats' proposal for a value-added tax on production is thereby a step in the right direction.

But regardless of what government is in power after the election and regardless of how the tax policy and the general politics turn out, we, as union

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negotiators, demand clear answers as to what conditions will be valid for the contract period before we make an agreement. We don't want to experience any more surprises, such as for example discontinuing the employers' surcharges after a contract has been agreed to.

Question In that case, what are the goals of the LO for the 1980 collective bargaining?

Answer In general terms: We will go on the offensive to recapture lost ground. The real purchasing power of the average LO member has declined by as much as five percent during the last two contract periods. There is room to catch up with that lag now. Even if perhaps we may not succeed in getting five percent after taxes in one single bargaining period, we are going to get at least a large part. The gross wage demands we then end up with will depend on the coming tax-political conditions, among other things.

This time we concentrate in particular on raising the wages for women and on achieving an equalization jointly within the LO and the civil servant collectives.

Question Is there risk for an inflationary wage movement with large shifts in wages in the wake of the economic boom?

Answer Our members know very well that it is primarily inflation we must fight in order to get more in the pocketbook and no one is interested in driving it up with large increases in gross wages. But we cannot be responsible for the inflation which comes from outside, which is imported. Instead, we must compensate for that.

In reality it isn't so that for example the oil price increases lower the competitive ability of Swedish industry, even if that is the impression one gets when listening to the SAF and bourgeois politicians. All industrial nations are affected to the same extent and competition must thereby continue, only at a somewhat higher cost level.

Question The LO wants to regain the increased salary advantage of the civil servants, the increased wage gaps between workers and civil servants which even led to wildcat strikes in some areas last spring. What happens then to the coordination with the PTK Organization of Salaried Employees in Private Industry?

Answer It is correct that we have received local statistics from certain companies showing that the PTK groups have had a better wage development than the LO groups, as a result, among other things, of the civil servants' salary development guarantee in the 1975 agreement. If this turns out to be a general trend, which it probably is, we must of course deal with it. This is not only of interest to the LO but to the PTK as well, as a natural precondition for coordination.

Question Then you don't expect a crack in the newly achieved front?

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[Answer] Neither we nor the PTK have anything to gain by going in opposite directions again. The only organization which could profit from a split is the SAF, of course.

[Question] You have dissociated yourselves firmly from wildcat strikes as a union weapon, together with the employers, and so firmly that last spring scattered LO voices were even raised for Gunnar Nilsson's resignation as chairman of the LO. Under what circumstances could you yourself imagine that the strike weapon is justified?

[Answer] Spontaneous strikes of this type unfortunately favor only the employers. It is easy to go out on strike heroically. It is considerably more difficult to conclude a strike in a favorable manner, as Arne Geijer rightly used to say. Unfortunately, spontaneous strikes often lead to humiliating retreats that only hurt us, and as LO chairman I must regrettably often dissociate myself from them in principle. In my opinion, a strike only gets weight and importance when it is well organized and legal, that is to say when the collective agreements have been terminated.

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COUNTRY SECTION

SWEDEN

NILSSON GUIDES LO THROUGH DIFFICULT ERA

Stockholm VECKANS AFFARER in Swedish 9 Aug 79 p 37

Article: "It Used to Be Easier -- When It Was a Matter of Crowns and Ores"

Text: The actions of the LO Swedish Federation of Trade Unions have changed considerably since Gunnar Nilsson, 57, assumed the post of LO chairman after Arne Geijer in 1973.

Arne Geijer's somewhat sullen reserve has been replaced by greater openness and less rough tactics in the leadership.

In the days of Arne Geijer union work dealt largely with "crowns and ores."

Gunnar Nilsson is chairman during another and perhaps more difficult era from a labor union viewpoint, in which the crowns and ores are only part of the job and other big issues have emerged: the working environment, codetermination, the wage earners' funds.

Another fundamentally important change which has occurred during Gunnar Nilsson's chairmanship is the new coordination with the civil servants: with the TCO Central Organization of Salaried Employees on the issue of wage earners' funds and with the PTK Organization of Salaried Employees in Private Industry in negotiations with the SAF Swedish Employers' Confederation.

He has not lacked internal criticism: Last spring there were trade union clubs within the LO which even demanded his resignation after he, together with the SAF, condemned the wildcat strikes.

"An accident in the course of work -- although not very serious," is the opinion of people who evaluate the union movement. "A positive sign that Gunnar Nilsson is a man who stands behind his actions and backs up a signed agreement even if it is not popular," are the comments on the employer side, on the other hand.

Gunnar Nilsson from Smaland came to the chairmanship of LO after a union career mainly as a lumber industry worker. He is a Social Democratic member

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of Parliament and a member of the party board and its executive committee.
He is also chairman of the board of AFTONBLADET and a member of the board
of Statsforetag and of the European Joint Organization of Labor Unions, EFS.

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